

BILL ANALYSIS

Senate Research Center

S.B. 351
By: Parker
Education
1-14-92
Enrolled

BACKGROUND

The Legislature of the State of Texas is under a mandate imposed by the Texas Supreme Court to restructure and make more equitable the state's system of financing public education. The court has given the legislature until April 1, 1991, to enact legislation that creates a system that provides for equal access to funds per student for educational purposes.

PURPOSE

As proposed, S.B. 351 provides for reform of the public school finance system.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is granted to the State Board of Education under SECTION 2, Sec. 35.01 and Sec. 35.02, of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 16, Education Code, as follows:

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.001. STATE POLICY. Deletes Subsection (c), requiring the program of state financial support to adhere to certain principles, and Subsection (d), providing that future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student.

Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) Adds facilities suitable to a student's educational needs to the objectives for which school districts are to have adequate resources.

(b) Provides that the second tier of the Foundation School Program provides a guaranteed yield system of financing to provide all school districts with an enriched program and additional funds for facilities.

Sec. 16.004. SCOPE OF PROGRAM. Deletes this section which authorized school districts to receive state financial aid based on each district's ability to support its public schools.

Sec. 16.006. AVERAGE DAILY ATTENDANCE. Deletes Subsection (b), referring to the 1990-91 school year, and redesignates Subsection (c) as Subsection (b).

(c) Requires the commissioner of education (commissioner) to adjust the average daily attendance (ADA) of school districts that have a significant percentage of students whose parent or guardian is a migrant worker. Defines "migrant worker."

(d) Authorizes the commissioner to adjust the ADA of a school district in which a calamity has a significant effect on the district's attendance.

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Adds county education districts to the entities required to participate in the system.

(c) Requires the Central Education Agency to report annually to the Legislative Education Board the financial status of each regional education district, and requires the report to include the total state and local revenues by tier of the Foundation School Program.

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) Adds a reference to Section 16.256(e) of this code.

Deletes Subsection (b), which required the funding elements to include certain allotments and programs.

Adds previous Subsection (c) to Subsection (a), requiring the Legislative Education Board to report the equalized funding elements to the school fund budget committee, the commissioner of education, and the legislature by October 1 preceding each regular session of the legislature.

Deletes Subsection (d), which required the Legislative Education Board reports for the 1993-1994 and 1994-1995 school years to provide for appropriate transition from the program in effect for the 1992-1993 school year.

Sec. 16.009. REVENUE LIMIT. (a) Defines "revenue limit."

(b) Requires the commissioner, not later than April 15, to estimate the revenue limit for the current school year and to certify that amount to each school district.

(c) and (d) Require the commissioner to make certain determinations.

(e) Prohibits a school district from levying a tax at a rate that would result in an amount of state and local funds, excluding funds required for debt service, during the next school year that exceeds the revenue limit, with an exception.

(f) Defines "weighted student in average daily attendance" and "taxable value of property."

Sec. 16.010. DEFINITION. Defines "school district."

Sec. 16.011. NOTICE OF YIELDS TO BE PUBLISHED. (a) Requires a school district to, between seven and thirty days before the date of adopting a tax rate for the years 1991, 1992, 1993, and 1994, publish a "notice of comparable tax rates and yields." Provides the language for the notice.

(b) through (d) Set forth requirements relating to the notice.

(e) Requires the commissioner to adopt rules to implement this section.

(f) Provides that this section expires January 1, 1995.

SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE FOUNDATION SCHOOL PROGRAM FUND

Sec. 16.052. New title: OPERATION OF SCHOOLS; TEACHER PREPARATION AND STAFF DEVELOPMENT. (a) Increases from 175 to 180 the number of days of instruction provided by school districts and decreases from eight to three the number of days of preparation for teachers each school year.

(b) Requires each school district to provide for not less than 40 hours of staff development training under guide-

lines provided by the commissioner. Requires the training to include technology training and to occur during regular hours of required teacher service.

(c) Makes a conforming change.

Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE. (b) Prohibits a school district from enrolling more than 22 students in a kindergarten, first, second, third, or fourth grade class.

Sec. 16.055. COMPENSATION OF PROFESSIONAL AND PARAPROFESSIONAL PERSONNEL. (b) Makes conforming changes.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN. Deletes a portion of Subsection (b), relating to salaries for school district personnel for the 1989-1990 and 1990-1991 school years.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. Provides that school districts are entitled to certain basic allotments in specified increasing amounts through the 1994-1995 school year.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (b) Requires the cost of education index and formula to be established by the foundation school fund budget committee. Deletes language relating to the formula for computing a district's basic allotment for the 1989-1990 and 1990-1991 school years.

Deletes Subsection (c), relating to the application of an index and formula for the 1990-1991 school year, and Subsection (d), relating to reductions in the benefits derived in this section.

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. Deletes references to the 1989-1990 and 1990-1991 school years. Provides that this section expires September 1, 1993.

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. Provides that this section expires September 1, 1993.

Sec. 16.104. SPARSITY ADJUSTMENT. Makes a conforming change.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) Deletes references to the 1989-1990 and 1990-1991 school years.

Deletes Subsection (d), which authorized the legislature to adopt the weights adopted by the State Board of Education for any biennium, and provided for the amounts of an allotment under this section if the weights were not adopted.

Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. Makes conforming changes to reletter some subsections. Deletes Subsection (j), which required the commissioner of education to withhold certain amounts of funds for the 1990-1991 school year.

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. Deletes Subsection (b), which provided components of the basic allotment for vocational education students, and Subsection (c), which authorized the legislature to adopt the weights adopted by the State Board of Education. Reletters subsequent subsections.

Sec. 16.156. TRANSPORTATION ALLOTMENT. (c) and (j) Make conforming changes.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT. Deletes references to the 1989-1990 and 1990-1991 school years.

Sec. 16.160. TECHNOLOGY FUNDS. (a) Provides that developmental and technology allocations under the provisions of Chapter 14 are included in the Foundation School Program.

(b) Requires each school district to be allotted the amount specified in Section 14.063 of this code after deductions by the commissioner of education for the purposes of financing programs authorized under Chapter 14C of this code.

SUBCHAPTER E. COST OF EDUCATION INDEX

Deletes this subchapter.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE. Deletes a portion of the section which prohibited boards, in determining accountable costs, from including costs of cocurricular and extracurricular programs. Makes a conforming change.

Sec. 16.202. STUDIES. Deletes Subdivision (6) of former Subsection (a), which required the Legislative Education Board and the Legislative Budget Board, on a biennial basis, to study the accountable costs per student to districts rated as exemplary. Deletes Subsection (b), which required the boards, in the determination of costs and revenues under this chapter, to consider certain operation, maintenance, and administration costs.

Sec. 16.203. PROCEDURES. Makes conforming changes.

Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. Provides that this section expires September 1, 1993.

Sec. 16.206. COST ADJUSTMENTS. (a) Requires the lieutenant governor and speaker of the house, not later than September 1, 1991, to each appoint five members to a committee to conduct a study of certain costs of providing public education.

(b) Requires the committee to examine methods of adjusting for specific resource cost variations and to recommend adjustments.

(c) Authorizes the committee to appoint advisory panels to assist the committee. Provides that advisory panel members serve without compensation but are entitled to reimbursement for expenses.

(d) Requires the committee to recommend adjustments to the Foundation School Program for resource cost variations not later than June 1, 1992. Requires the adjustments to include certain factors.

(e) Requires the foundation school budget committee by rule to adopt adjustments to the Foundation School Program for resource cost variations to apply beginning with the 1993-1994 school year. Requires the committee to report the adjustments adopted to the legislature and the commissioner. Requires the commissioner by rule to adopt adjustments not later than October 1, 1992, if the committee fails to adopt them by September 1, 1992.

(f) Provides that the rules adopted under this section apply beginning with the 1993-1994 school year. Requires the basic allotment to be increased to reflect the costs associated with the adjustments made by the cost of education index and formula for the 1992-1993 school year, if no rules are adopted under this section.

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a), (b), and (c) Make conforming changes.

Deletes Subsection (d).

Sec. 16.252. LOCAL SHARE OF PROGRAM COST. (a) Makes conforming changes. Defines "tax rate," for the purposes of computing each school district's share of the Foundation School Program, in certain amounts for each school years from 1991-1992 through 1993-1994 and each year thereafter.

(b) Makes a conforming change.

(d) Requires each school district to raise its total local share of the foundation school program. Requires a district, if the total local share plus the distribution from the available school fund exceeds the cost of tier one, to remit the difference to the regional education district in which it is located for reallocation.

(e) Makes conforming changes.

(f) Sets forth a county education district's "DPV" for the 1991-1992 school year, and provides that this subsection expires September 1, 1992.

Deletes Sec. 16.253. EXCESS OF LOCAL FUNDS OVER AMOUNT ASSIGNED.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner of education to determine annually the amount of tier one funds distributed to each district under Subchapter J of this chapter.

(d) Provides the method for reducing the total amount of state funds allocated to each district in any year the state's total share of the Foundation School Program exceeds the total amount appropriated for that year.

Sec. 16.256. FOUNDATION SCHOOL BUDGET COMMITTEE. Makes conforming changes.

New title: SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE. Makes conforming changes. Provides that it is a purpose of this tier of the program that a school district have the opportunity to supplement the basic program with access to additional funds for facilities.

Sec. 16.302. ALLOTMENT. (a) Amends the definition of the guaranteed level of state and local funds per weighted student per cent of tax effort for determining the amount of state support. Amends the definition of district enrichment tax rate. Makes conforming changes.

(b) Makes conforming changes.

Deletes Subsection (c), which authorized the Legislative Education Board and the foundation school budget committee to calculate rates for the guaranteed level of funds and limitation on the district enrichment tax rate.

Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. Amends previous Subsection (a), to set limits on the district tax rate for the school years 1991-1992 through 1994-1995 and thereafter.

Deletes Subsection (b), which provided for the computation of district enrichment tax rates for districts which have a tax rate of less than the maximum.

SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

Sec. 16.402. STANDARDS. Requires all facilities constructed after September 1, 1992, to meet the standards set by the State Board of Education for adequacy of school facilities in order to be financed with state or local tax funds.

SUBCHAPTER J. COUNTY EDUCATION DISTRICT DISTRIBUTIONS

Sec. 16.501. TIER ONE. Requires the commissioner of education to notify each county education district of the total amount of funds that each school district in the county education district is entitled to receive under tier one of the foundation school program.

(b) and (c) Set forth guidelines relating to the distribution of funds.

Sec. 16.502. COLLECTION AND DISTRIBUTION SCHEDULES. Requires the commissioner to establish a schedule for the distribution of funds to each school district under this subchapter.

Sec. 16.503. DEFINITION. Defines "taxable value of property."

SECTION 2. Amends Chapter 20, Education Code, by adding Subchapter G, as follows:

SUBCHAPTER G. COUNTY EDUCATION DISTRICTS

Sec. 20.941. CREATION: COMPOSITION. (a) Provides that each school district in this state is included in a county education district. Provides that a county education district is composed of all school districts whose administrative offices are located in a single county, except as provided by Subsection (b).

(b) Provides that certain specified groups of counties constitute county education districts.

(c) Requires the Legislative Education Board, before each regular session of the legislature, with the assistance of the Legislative Budget Board, to review the taxable value of property in each education district and to recommend changes in the boundaries of the districts necessary to ensure that no district has a taxable value of property in excess of \$280,000 per weighted student or a value set by the foundation school fund committee.

(d) Defines "taxable value of property" and "weighted student in average daily attendance."

Sec. 20.942. AUTHORIZATION. Provides the authorization for county education districts.

Sec. 20.943. GOVERNANCE. Provides for the governance of a county education district by a board of trustees appointed by the respective boards of trustees of its component school districts. Provides for the appointment of members of the board.

Sec. 20.944. ORGANIZATION, MEETINGS, COMPENSATION. Provides for the operation of county education district boards.

Sec. 20.946. LEVY OF TAX; ASSESSMENT AND COLLECTION OF TAXES. Requires the board of trustees of a county education district to levy a tax at a rate equal to the rate required under this code and authorizes the board to contract with one or more entities to assess and collect taxes for the benefit of the district.

Sec. 20.946. RESIDENCE HOMESTEAD EXEMPTIONS. Provides for the authorization by voters of ad valorem tax exemptions.

(b) Requires an election to be held on May 2, 1992, on the question of ad valorem tax exemptions.

(c) Provides for future elections on the question of ad valorem tax exemptions if the proposition is not adopted at the 1992 election.

(d) Provides the language for the ballot at an election to authorize the exemption.

(e) Provides for the conduction of elections ordered under this section.

(f) Provides that this section takes effect only if the constitutional amendment relating to this section is adopted by the voters.

Sec. 20.947. AUTHORITY OF COMPONENT SCHOOL DISTRICTS. Provides that the boards of trustees of component school districts in a county education district retain the authority granted them elsewhere in this code, with exception.

Sec. 20.948. ABOLISHMENT OF COUNTY EDUCATION DISTRICTS. Provides that it is the intent of the legislature to abolish county education districts if the voters adopt a constitutional amendment authorizing the redistribution among other school districts of taxes levied and collected by a school district.

SECTION 3. Amends Chapter 20A, Education Code, by adding Section 20.09, as follows:

Sec. 20.09. TAX LIMITATIONS. Provides limitations on the tax rate set by school districts.

SECTION 4. Amends Chapter 15, Education Code, by adding Section 15.16, as follows:

Sec. 15.16. FACILITIES EMERGENCY GRANTS. (a) Requires the Central Education Agency to make grants to school districts in the 1992-1993 school year to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. Requires the total amount of the grants to be at least \$50 million.

(b) Requires the State Board of Education to establish procedures and qualifications for obtaining a grant under this section. Sets forth guidelines for the board in establishing these procedures.

(c) Prohibits a grant from being used to pay the general administrative expenses of any school district or any salaries or benefits, with exceptions.

(d) Defines "capital assets" and "instructional facility."

(e) Provides that this section expires September 1, 1993.

SECTION 5. Amends Section 11.86(a), Education Code, to make conforming changes.

SECTION 6. Amends Chapter 1, Education Code, by adding Section 1.05, as follows:

Sec. 1.05. DEFINITION OF SCHOOL DISTRICT. Defines "school district."

SECTION 7. Amends Sections 11.208(a) and (b), Education Code, as added by Chapter 848, Acts of the 70th Legislature, Regular Session, 1987, and renumbered by Section 2.02, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, to make conforming changes.

SECTION 8. Amends Section 11.208(b), Education Code, as added by Chapter 658, Acts of the 71st Legislature, Regular Session, 1989, to make a conforming change.

SECTION 9. Amends Section 14.043(a), Education Code, to make a conforming change.

SECTION 10. Amends Section 21.008(a), Education Code, to make a conforming change.

SECTION 11. Amends Section 21.928(a), Education Code, as added by Chapter 1195, Acts of the 71st Legislature, Regular Session, 1989, to make a conforming change.

SECTION 12. Amends Section 21.136(a), Education Code, to authorize a school district to offer prekindergarten classes if the district identifies 15 or more eligible children who are at least three years of age.

SECTION 13. Amends Section 1.04, Tax Code, by amending Subdivision (12), to make a conforming change.

SECTION 14. Amends Section 6.02(b), Tax Code, to require a county education district that has boundaries extending into two or more counties to participate in the appraisal district for the county in which the county education district has its administrative offices.

SECTION 15. Amends Sections 6.03(c)-(e), Tax Code, to make conforming changes.

SECTION 16. Amends Sections 6.06(d) and (h), Tax Code, to make conforming changes.

SECTION 17. Amends Section 6.061, Tax Code, by adding Subsection (f), to provide that a change in the method of financing an appraisal district under this section may not allocate costs of operating the district to a county education district.

SECTION 18. Amends Section 11.13(m), Tax Code, to amend the definition of "school district."

SECTION 19. Amends Section 11.13(n), Tax Code, to make conforming changes.

SECTION 20. Amends Section 26.08, Tax Code, by amending Subsections (a), (e), and (g) and by adding Subsection (j), as follows:

(a), (e), and (g) Make conforming changes.

(j) Provides for the tax rate of a school district that received distributions from an equalization tax under Chapter 18, Education Code.

SECTION 21. Amends Section 26.12, Tax Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Makes a conforming change.

(e) Requires a county education district created after June 30 to impose property taxes in the year in which the district is created.

SECTION 22. Amends Section 312.002, Tax Code, by adding Subsection (e), to prohibit a county education district from entering into a tax abatement agreement under this chapter.

SECTION 23. Amends Sections 11.273(a), (c), (d), and (g), Education Code, to make conforming changes.

SECTION 24. Amends Section 21.758(a), Education Code, to reduce from two years to one year the period which a school district must have been rated academically unaccredited before the commissioner

of education may suspend the powers of the board of trustees of the school district.

SECTION 25. Amends Section 21.930, Education Code, by adding Subsection (g), to require each district to report annually to the Central Education Agency the involvement of the district's professional staff in district-level under the policy and procedures adopted under this section. Requires the agency to compile the district reports into a single report and present that report annually to the legislature.

SECTION 27. Provides that this Act takes effect immediately, with exceptions, and applies beginning with financing for the 1991-1992 school year, including taxes for the 1991 tax year.

SECTION 28. (a) Abolishes county-unit systems created under Chapter 18, Education Code, and revokes the authority to collect any tax voted under that chapter. Requires the county tax assessor and collector to take certain actions.

(b) Authorizes the county tax assessor and collector, for the purposes of the payment of debts and distribution of funds under Subsection (a) of this section, to issue warrants against the county equalization fund.

SECTION 29. Severance clause.

SECTION 30. Emergency clause.